



November 3, 2000

The Honorable Mayor Bob Knight and  
Members of the City Council  
City of Wichita  
Wichita, Kansas

Dear Mayor and Council Members:

One of the primary responsibilities of the City Manager is to prepare and submit to the City Council an annual budget and business plan for the City. It is my duty and also my privilege to place before the governing body, the **Adopted 2001-2002 Budget**, the fifteenth such submittal during my tenure in Wichita.

Each year the budget process provides an important focal point for deciding the future direction of City government and the community. William Shakespeare noted with his insightful words that "all the world's a stage" (from *As You Like It*). As noted in past submittals, the budget is a means to set the stage for the coming years ahead. So we draw inspiration in these pages from The Bard's words in outlining the adopted budget.

Wichita is already a great community. Wichita also aspires to become even better in the years ahead.

To do so, challenges to those aspirations must be met. Priorities must be set and parameters shaped.

**No day without  
a deed to crown it.**

**Henry VIII**

The adopted budget was prepared with a commitment to meeting the priorities of citizens, as expressed directly and through elected representatives. The budget also seeks to balance the need for community services with the equally important need to maintain a fair and equitable tax structure.

## **BUDGET HIGHLIGHTS**

- ▶ The **Public Safety Initiative** that added 136 police and 13 court and prosecutorial personnel now moves to address the remaining safety service: Fire. The 2002 Budget includes initial funding to begin the phase-in of increased fire stations and firefighters to expand coverage for the community and enhance public and firefighter safety.
- ▶ The **Infrastructure Maintenance Initiative**, begun in 1999, is further expanded to add maintenance crews in Park and Public Works, as well as additional contract funding.
- ▶ The **Economic Development Initiative** extends the array of tax incentives for new/expanded industry to include a small business loan program offering below market rates, and an array of other incentives for inner city redevelopment.
- ▶ A **Quality of Life Initiative** continues to recognize the value of leisure programs/services to support parks and recreation, museums, and libraries, including at-risk youth initiatives.
- ▶ **No mill levy increase** is required to fund the 2001 Budget, for the eighth consecutive year.
- ▶ Water and sewer rate increases of 5% each, and a Storm Water ERU increase of 5¢ were approved for 2001 to support necessary capital improvements.

## **2001 ADOPTED BUDGET** **A Business Plan** **for a Quality Community**

The City, as a municipal corporation, is similar to a private corporation in the need for an overall business plan. For the City, this takes the form of multiple plans: strategic goals, capital improvement program, operating budget, comprehensive plan, and other management reports and documents. It is through the annual operating Budget that the City outlines the overall direction of its plan to carry out the public's business.

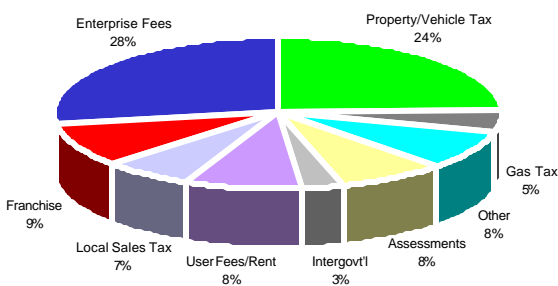
### **TOTAL REVENUES AND EXPENDITURES**

Budgeted revenues for 2001 of \$314,892,450, are derived from several sources. Certain major revenue categories (e.g., gas tax and special assessments) are legally dedicated resources and can only be used to offset specific expenses. All years are exclusive of sales tax contributions to capital projects, internal services, fiduciary funds, enterprise construction and interfund transfers (eliminating double counting and co-mingling of operating and capital funds).

**Money is a  
good soldier.**

**Merry Wives  
of Windsor**

**2001 TOTAL REVENUES**  
**\$314,892,450**

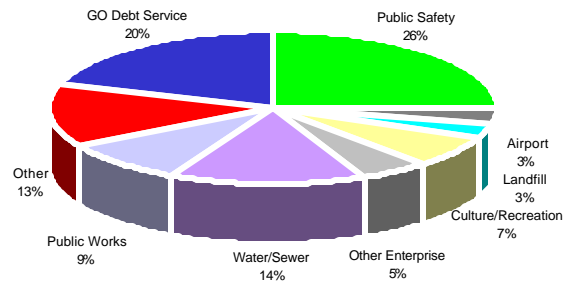


The City's revenue picture reflects years of effort to diversify its sources of funding for the Budget. Ad valorem property taxes represent 22% of total revenues, less than the cost of financing Public Safety services - Police, Fire and Court. Because of its diverse revenue base, the City is not overly reliant on support from federal and state monies to fund basic municipal services.

Adopted 2001 expenditures total \$309,960,840 for all funds. Expenditures by program/service groups are summarized in the chart. Increases in expenditures are primarily the result of higher wage/benefit costs and

landfill closure expenses, offset by reductions in debt service requirements.

**2001 TOTAL EXPENDITURES**  
**\$309,960,840**



Personnel costs represent the single largest expense, accounting for 42% of the total budget (67% of the General Fund). For every \$1 spent on salaries/wages, the City will spend 30¢ on employee pension and insurance benefits.

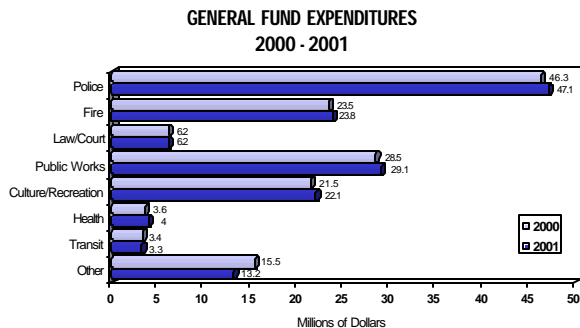
General Obligation (GO) debt service, at \$61 million or 20% of the total budget, is the second largest expense item; expenditures for GO debt service are increasing moderately to support the City's capital program effort. A substantial portion of contractual expenses, 20% of the total budget, represents the City's efforts to contract work to the private sector.

The General Fund is the largest of the City's operational funds, accounting for nearly half of the total City budget. Public safety, public works, parks and recreation, health/housing services and local tax subsidies for transit are the principal programs supported from this fund. The General Fund is one of two funds that relies upon the ad valorem property tax as a major revenue source.

Overall, 2001/2002 General Fund revenues are projected to increase only an average of 3% annually over the two-year budget period. Higher growth in the property tax will offset lower growth in some revenues (franchise fees) and reductions in other revenues (fines and penalties). State-mandated reductions in the motor vehicle tax formula were phased-in from 1996-2000. The State has also placed caps on growth of gas tax and other state-shared revenues paid to cities.

Other increases in expenditure levels are driven by higher labor costs from union agreements, moderate inflationary pressures in contractual and commodity expenses, and requirements for one-time expenditures to address critical community needs. The General Fund is

balanced for 2001 at \$148,833,030 in revenues and expenditures. The chart (below) provides an overall picture of the allocation of General Fund expenditures by general category.



The **BUSINESS PLAN** in this Budget: sets out a program of services to the public (**Service Plan**); looks to use new technologies to improve service delivery (**Technology Plan**); seeks to manage those programs efficiently (**Management Plan**); and makes the City accountable to the citizen shareholder for financing those services within a prudent fiscal framework (**Financial Plan**).

### SERVICE PLAN

In past retreats, the Mayor and City Council have established the policy framework for the municipal corporation to sustain Wichita's stature as a pre-eminent place to live, work, and raise a family. The governing body coalesced around several focal points that reflect what has made Wichita a quality City and will position Wichita to continue to prosper.

These elements form the City's Service Plan that is reflected in this Adopted Budget: *Public Safety, Economic Development, Infrastructure, Quality of Life, Customer Service and Partnerships*.

### Public Safety

The protection of life and property is a core city service. Several years ago, the City initiated a major and multi-year realignment of its public safety efforts as part of an expanded Service Plan. Police services received the greatest attention with the addition of 120 new officers, a

Now sit we close about  
this taper here, and  
call in question our  
necessities.

*Julius Caesar*

For some must watch,  
while some must sleep.

*Hamlet*

22% increase, and 16 support personnel. As importantly, the model for delivery of police services was restructured to implement community policing side-by-side with regular beat patrols. With the 2000 Budget and continued in the 2001 Budget, the City furthers its community policing implementation with full deployment of a 20-member School Resource Officer Corps taking preventive police services into public high schools and middle schools. As a result, Wichita has one of the lowest crime rates among peer cities.

The Municipal Court and Prosecutor functions have also been addressed. The Court is being revamped through automation, transformation of business processes, and thirteen (13) additional personnel, including two additional judges and courtrooms. Court has partnered with Public Works to begin a work program for defendants to satisfy their court obligations. If they cannot or will not pay fines/court costs, individuals are assigned to work sites.

The Public Safety Initiative, to date, is a major investment of budget resources. It will represent a \$10 million annual commitment at the point it is completed.

| Public Safety Initiative<br>(Police/Law/Court in Millions) |       |       |       |       |
|--|-------|-------|-------|-------|
|  | 1999  | 2000  | 2001  | 2002  |
| Grants   | \$1.4 | \$0.3 | \$0.3 | \$0.3 |
| Local Costs  | \$6.3 | \$8.2 | \$8.9 | \$9.4 |

Fire services are the emerging public safety need as the City grows and changes. In the decade of the 1990's, two new fire stations were added and two fire stations were relocated, but more needs to be done. A fire station location/relocation study was recently completed and reviewed by the City Council. That study recommends the following Fire service enhancement as the newest phase of the Public Safety Initiative:

| Public Safety Initiative – Fire   |
|---|
| <ul style="list-style-type: none"> <li>▶ Relocate 8 fire stations throughout the city</li> <li>▶ Add 2 new fire stations with staffing by 34 additional firefighters</li> <li>▶ Increase fire staffing on specialty fire apparatus (e.g., aerials, heavy rescue) adding 10 firefighters</li> <li>▶ Capital costs are estimated at \$12 million, with annual operating costs of \$2,590,000</li> </ul> |

The capital budget currently includes a \$6 million set-aside for fire station construction. With this two-year

budget, the first installment of \$446,110 (2002) is included in the annual operating budget to initiate the increase in fire staffing.

Public safety is a priority for the citizens of Wichita – one that has been successfully addressed and one that will continually grow stronger. Wichita is positioned to become an even safer community.

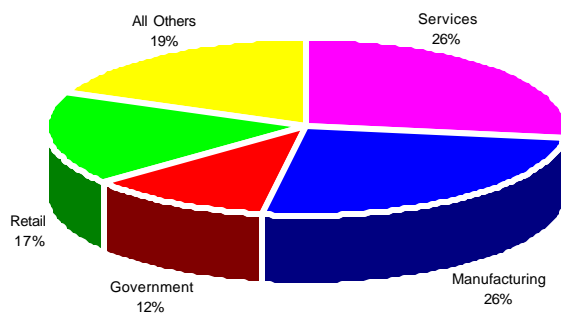
## Economic Development

The City Council's service goals include recognition that Wichita is and must remain a center for business and industry in Kansas, especially manufacturing. This means retaining and attracting new employers; the ability to provide a trained labor force which meets job requirements both today and in the future; and the will to continue policies that grant necessary incentives for new and expanding businesses.

*I grow,  
I prosper.  
King Lear*

A strength of the local economy continues to be general and commercial aviation manufacturing. Nevertheless, Wichita is not a "one-industry town," but can boast a very diverse local economy. A previous Wichita State University Center for Economic Development and Business Research study confirmed that of 46 metropolitan areas in the study, Wichita ranked among the most economically diverse at 10<sup>th</sup> place.

Wage & Salary Employment, 1999  
Wichita MSA



The City Council continues to have a strong commitment to developing and enacting policies that are conducive to economic growth and development. The steadfastness of the tax exemption policy, along with Tax Increment Financing (TIF), have been valuable tools for initiating growth in manufacturing and commercial development. Wichita's efforts in economic development have resulted

in 6,941 jobs created or retained through active City efforts over the past five years.

| Economic Development Program<br>Tax Incentive Impact |      |      |      |      |      |
|--|------|------|------|------|------|
|  | 1995 | 1996 | 1997 | 1998 | 1999 |
| IRB issues   | 10   | 11   | 13   | 16   | 12   |
| Jobs Created   | 938  | 1090 | 2272 | 1328 | 1313 |

A premier City effort in workforce development is the Cessna Training and Development Center. By combining a safe, affordable, and on-site living environment, along with child-care, unskilled workers can live and work in a campus-like setting to gain the necessary job skills to make them self-sufficient.

Job readiness is also exemplified by the City's commitment to working with major employers through the Long Range Planning Task Force. The City's role is to convene, listen and assist in creating an environment through public policy conducive to developing the job skills necessary for future growth and development.

In 1999 and into 2000, the Council has also recognized the importance of inner city redevelopment as an integral part of economic development. A newly enacted Neighborhood Revitalization Act (NRA) has served to enhance growth in the Core Area by providing incentives (such as tax rebates and waivers of permits/fees) to individuals and developers who invest in designated low-to-moderate income areas. A Business Assistance Plan complements the NRA effort with a \$9 million loan program whereby the City and three of the largest banks in the community have teamed up to provide technical assistance and discounted interest rates on small business loans for new business growth.

Most recently, the City enacted the Redevelopment Incentives Plan. This program includes modifications to codes to promote rehabilitation, identification and marketing of possible redevelopment sites in the inner city, and new financial incentives for targeted redevelopment. In the 2001 Budget, newly funded incentives include a \$100,000 fund for the City to match private sector dollars in performance of market studies and \$500,000 for land assemblage.

The City has forged alliances with the Wichita Area Chamber of Commerce in joint funding of an economic development office that complements the City's own activities. Economic alliances also extend to neighboring communities through a recently created organization known as the Regional Economic Area Partnership

(REAP). REAP is comprised of public sector leaders in southcentral Kansas to jointly address regional economic development issues, recognizing that when one community benefits, the entire region benefits.

## Infrastructure

Linked to the City's economic development is the need for an infrastructure network that supports the full range of community activities. The financial commitment of the City to the infrastructure that is necessary for urban life in a modern city represents a large component of City services.

*I pray you let us satisfy  
our eyes  
With memorials and the  
things of fame  
That do renown this city.*

*Twelfth Night*

City operations and public amenities take place in more than 150 City facilities. The public enjoys over 4,220 acres of parks and open space. Every day in Wichita more than 300,000 vehicles travel on 1,681 miles of roads, across 279 bridges, using 370 signalized intersections and 100,000 traffic signs to guide them. Each year, approximately 21 billion gallons of water are transported over 1,600 miles of water lines with 8,000 fire hydrants. Over 15 billion gallons of wastewater are collected from 120,000 structures over 1,600 miles of sewer mains for treatment and returned to rivers and streams cleaner than the water already there.

The City has assembled resources to position it to respond to a wide variety of public needs in the future. The adopted capital budget for the next decade will represent nearly a \$1.3 billion investment in future infrastructure needs. The capital budget is balanced between new and expanded infrastructure, as well as major maintenance of existing infrastructure through reconstruction and rehabilitation.

Major new initiatives in the capital budget include a \$340 million freeway construction program, including \$190 million from the local sales tax. Through aggressive leadership, Wichita was able to secure federal, state and railroad funding for a \$100 million railroad overpass construction program. The City is also taking steps to make major commitments to expand the local arterial road program, provide for an expanded water supply and sewage treatment capacity, and expand public facility construction.

**Maintenance:** The City's operating budget addresses the necessity to sustain through maintenance what the capital budget builds. In addition to the normal level of street and facility maintenance funds, the adopted budget provides more than \$11 million over a four-year period (1999-2002) for an accelerated maintenance program of roads, bridges and public buildings.

On an ongoing basis, the City is expanding maintenance efforts covering streets, parks, and buildings, as well as increased funding for more maintenance equipment to make personnel more efficient and effective in carrying out their mission. In combination of the ongoing support of efforts started in 2000 and continued into 2001/2002, as well as increased efforts in the Adopted 2001 Budget, the Infrastructure Maintenance Initiative supplements normal levels of maintenance with the following:

### **Infrastructure Maintenance Initiative**

- ▶ Core Area Crew, \$80,930 annually
- ▶ Landscaping Crews, \$211,400 annually
- ▶ Roving Maintenance Crews, \$227,460 annually
- ▶ Custodial & Building Maintenance, \$70,850 annually
- ▶ Electrical Systems Maintenance, \$36,330 annually
- ▶ Street Maintenance Equipment, \$34,800 annually
- ▶ Maintenance in newly annexed areas, \$600,000
- ▶ Contracted Street Maintenance, \$4.6 million
- ▶ Contracted Facility Maintenance, \$4 million

The City is phasing out the Brooks Landfill operations in October 2001; after this time the County will assume responsibility for solid waste disposal services. Upon closure of Brooks, the City will have a thirty-year period of post-closure activities.

### **Landfill Fund and Landfill Post Closure Trust Fund** (Millions of Dollars)

|            | 2000    | 2001   | 2002   |
|------------|---------|--------|--------|
| Revenues   | \$ 10.2 | \$ 8.3 | \$ 2.8 |
| Expenses   | 3.5     | 5.5    | 2.7    |
| Trust Fund | 17.4    | 29.2   | 34.7   |

The Landfill Post Closure Trust Fund reserve is projected at \$34.7 million by the end of 2001, an amount estimated to be sufficient to cover expected post closure costs, including reasonable contingencies.

It is not sufficient, however, for the City to rest at this point. Tipping fees are projected to increase from the current \$26 per ton to well over \$40 per ton under the County solid waste transfer station plan, and some waste



cannot be disposed through the transfer stations. Absent some action by the City, the municipality could face an expenditure of \$3.5 million per year in solid waste costs. Most of the City's solid waste needs are for construction and demolition (C&D) debris; therefore, the City is preparing plans to acquire a site and develop a C&D landfill for City and private users. A C&D landfill is permissible under the Solid Waste Plan. Financially, a C&D landfill is projected to cover capital and operating costs within a \$26 per ton charge for non-City users while generating a sufficient cash flow above operating expenses to allow the continuation of the bulky waste, neighborhood clean-up, and indigent trash collection programs.

**Water/Sewer:** The Water Utility provides 21 billion gallons of potable water to customers annually; the Sewer Utility collects and treats 15 billion gallons of wastewater. One important change in 2001 will be the addition of a chemist to improve monitoring of water quality during treatment and distribution, but also to provide a resource for the team effort to monitor river water quality.

The Water Utility required a 5% rate increase in 2000 with 5% in 2001 and 7% projected in 2002. The Sewer Utility experienced a 3% rate increase in 2000; a 5% increase beginning 2001, and a 5% projected increase for 2002. Debt service obligations for capital improvements are the primary variable affecting the need for rate adjustments.

| Annual Water & Sewer<br>Rate Increases |      |      |      |
|--|------|------|------|
|  | 2000 | 2001 | 2002 |
| Water                                  | 5%   | 5%   | 7%   |
| Sewer                                  | 3%   | 5%   | 5%   |

**Storm Water:** The City operates a storm water utility that maintains the floodway, streams and drainage systems in the community. Funding is provided from a combination of City tax funds, County tax funds, and a \$1.27 ERU, or equivalent residential unit, charge on all properties in the City. Storm Water provides a continuing basic level of operations and maintenance; limited "hot spots" efforts where the critical needs in the storm water infrastructure can be targeted for special rehabilitation; and a capital program of \$1.5 million in new projects per year. To expand the special "hot spots" rehabilitation to more projects per year, the Adopted Budget increases the ERU rate by an additional 5¢ to a total \$1.32 per ERU.

An aggressive infrastructure capital and operations service plan is essential to the future of Wichita. The 2001/2002 Budget and companion capital budget continues to address that need.

### Quality of Life

No city is fully meeting the needs of its people if safety, work and streets are the only criteria. Success also means offering amenities and promoting livability. Wichita's diversity also means offering a diversity of leisure, cultural and recreational experiences.

Now stand you on  
top of happy hours.

Sonnet

Wichita City government is a prime sponsor of many quality of life services in the community. Libraries, recreation facilities, botanical gardens, venues for theater and symphonic productions, historical museums, art museums, public art and art education, and other programs abound.

Building on the existing base of leisure opportunities, the 2000 Budget undertook a major increase in capital and operating budget investments in public support of quality of life facilities, programs and services. In the "Museums on the River" corridor, the City will invest \$6 million in a major expansion of the Wichita Art Museum. In addition to providing the site and relocating McLean Boulevard, the City provided Exploration Place with \$1.1 million in operating endowment and support for the riverbank portion of the facility construction.

As part of the Infrastructure Maintenance Initiative, increased funding was provided to ensure a higher level of facility maintenance of the Botanica and Indian Center complexes. Increases in public subsidies for Cowtown, the Historical Museum, and the Indian Center were also implemented effective in 2000.

Educational and recreational opportunities are expanded. Sunday hours at several branch libraries are increased along with increased funding for children's books and reading programs. In 2001, it is anticipated that the new Library Bookmobile will begin operation, taking library resources to more neighborhoods and replacing the necessity to keep open one or more of the very smallest and underutilized branches. Art education programs at the new CityArts facility will be expanded, as well as installation of a new computer art classroom and replacement of older art equipment.

Park recreation programs for youth receive a boost in funding for the Summer of Discovery program, extensive replacement of playground equipment, and a focus on neighborhood and at-risk youth recreation services. One new soccer/softball venue was constructed in south Wichita and another major soccer/baseball venue is under development in north Wichita. A new golf course is under construction in west Wichita with a scheduled opening in the Spring of 2001 as part of a public-private partnership involving a new residential development.

For visitors to Wichita, a new Visitors Center has been constructed at the Wichita Boathouse, located in downtown Wichita along the Arkansas River. A staff position to support the new Visitors Center was added. State-of-the-art technology provides visitors with information on local attractions, entertainment, restaurants and lodging.

**Transit:** For many Wichitans, quality of life depends on public transportation. Prior to 1999, the City enacted a Transit assistance program that substantially increased local property tax funding for transit. The Transit Fund has now stabilized, although farebox revenues continue to have low growth. Federal operating subsidies of the transit system have declined; however, Federal grant support for capital expenditures and specific operations has increased. In 1999, for the first time, the State authorized significant new grant funding for public transit services. In 1999, the new transit maintenance facility was opened within a few blocks of the Transit Center.

The addition of new State grant revenues has permitted the City to stabilize local tax subsidies and sustain current service levels, affording the community an opportunity to focus on the longer-term future of City transit services. A variety of transit service options are under review. For the 2001 Budget, the following service improvements are funded:

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#### ***Transit Enhancements***

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- ▶ 39 new buses, \$10 million
  - ▶ Reduced headways on four high volume bus routes, \$490,000 annually
  - ▶ Increased paratransit services, \$100,000 annually
  - ▶ Westside Circulator, \$110,000 annually
  - ▶ Transit facility enhancements, \$675,000
- 

**Tourism & Convention:** The principal funding source for the City's convention and tourism efforts is from a 6% transient guest tax. This tax covers debt service obligations on Expo Hall, the Conference Center, parking

structures and other infrastructure improvements associated with the new Hyatt convention hotel and the Hotel at Old Town, as well as tourism and convention promotion programs.

Transient guest tax income is projected to provide sufficient revenues to cover existing levels of debt service and program costs. A projected low growth rate in fund revenues, however, constrains fiscal capacity to increase funding for other convention and tourism programs.

The City, in partnership with other convention and tourism industry leaders in the community, has undertaken a re-examination of both convention and tourism promotion programs and services. In both instances, the key is a combination of public and private resources coalescing to create a more dynamic framework for the marketing of Wichita as a convention and tourism location. As the review and implementation of new promotion plans evolves, the allocation of guest tax funds is subject to change.

**Environmental Health:** Quality of life also means a quality environment. The City and County have a longstanding history of addressing environmental issues in concert. An important component of that effort is focused on neighborhoods. The County Manager has proposed to split-out a portion of neighborhood-oriented environmental inspection services from the joint operation. A re-examination of whether joint City-County environmental services should continue, or whether the City should now chart a different path involving creation of an urban environmental health service within the City organization is underway. The City continues to examine the area of environmental health services.

Quality of life is an important component of the Service Plan. The 2001 Budget continues to invest substantial resources to ensure Wichita remains a quality of life city.

#### **Customer Service**

As the City has progressed, citizen involvement in the governance process continues to become even more important. Neighborhood associations have increased from eight to eighty over the last several years, and now flourish. Their input is encouraged and sought in the decision-making process.

New forms of citizen involvement are evolving that are more streamlined, engaging citizens from all walks of life.

**What is the city  
but the people?**

**Coriolanus**

The City Council actively encourages citizen input through public forums to discuss issues such as location of a new sewer treatment plant. The governing body created District Advisory Boards (DABs), and each district Council Member meets regularly and directly with their Board; each DAB has a Neighborhood Assistant and a web-site presence. The Council also convenes special citizen review groups on specific topics, e.g., the Access Management Task Force and Air Service Development.

**Citizen Input on Budget Priorities:** The Adopted 2001-2002 Budget directly addresses concerns voiced by the people of Wichita. As a part of the development process this year, Budget staff conducted an education session on the City's annual operating budget. The session was open to all citizens, with special invitations mailed to leaders from neighborhood associations and all District Advisory Board (DAB) members. This session provided an overview of the City's budget development process, a review of historical information and current trends, and a preview of upcoming budget issues. Following the presentation, breakout sessions were organized to allow participants an opportunity to try their hand at budgeting. A unique simulation exercise was specially developed to accomplish two objectives – let citizens make difficult budget decisions while simultaneously collecting information about their priorities for City services. The breakout sessions were moderated by Council Members, DAB coordinating staff and Budget Office staff, and the exercise served as an impetus for very profitable dialogue.

The City has also relied upon use of the IDEA Center, regular DAB meetings, the Internet, and follow-up sessions with neighborhood association leaders to identify citizen priorities considered most relevant for review and inclusion in the budget development process. A Citizen Survey of community needs was also used, and results of the Comprehensive Plan survey were made available. Community priorities identified by the citizen participants included the following: at-risk youth programming (especially in the evening hours); infrastructure maintenance (especially storm water drainage and street maintenance projects); municipal court improvements; and neighborhood issues (i.e., code enforcement). There was moderate support for public safety issues, even though Wichita is experiencing the lowest crime rates in years; however, there was actually opposition to financing some of the more visible specialty programs such as the helicopter and mounted patrol.

Information from surveys, the IDEA Center, and citizen sessions was collected and organized by Budget staff.

Priorities were communicated to Budget Review Cabinet members and the City Manager during their reviews of budget submittals. As indicated throughout the budget, increased financial resources have been appropriated to address those community needs identified as highest priorities by citizen participants.

**Mini-City Halls:** In combination of grant and local funds, the City is beginning the creation of Mini-City Halls at four neighborhood locations. Citizens will be afforded the opportunity to conveniently access services from neighborhood-based facilities. Neighborhood Assistants will anchor the facilities, complemented by other staff providing health and recreation programs and services. Future activities may include staff involved in inspection and maintenance services, among others. In park and library services, new positions are added and tasked to take reading and recreation services out of the centers and branches and into the neighborhoods.

Technology has made the City more responsive to its citizenry. Internet access affords staff the ability to communicate with citizens, business and government colleagues through electronic messaging. Additionally, a major expansion of the City's Internet web-site will more fully define the array of services that can be accessed by the citizens.

City staff are now "graded" on performance based upon responsiveness to citizens, as our "customers." At times, responsiveness means simply finding the answer to a question on government operations. Other times, it involves breaking through "red tape" to find creative, new ways of doing business.

Customer service for City staff means first listening and then responding to our citizen customers. In establishing service priorities, and in day-to-day services, the 2001 Budget seeks to ensure high quality customer service for all Wichitans.

### Partnerships

The threads of partnership are woven throughout the City's Budget and the services funded by it. In public safety, City police

**Let men take heed of  
their company.**

**Henry IV**

and fire personnel are providing services to areas outside of Wichita (e.g., Police bomb squad, helicopter, Fire first responder, etc.). In infrastructure, the City works with adjacent jurisdictions in coordinating the construction and maintenance of a shared and interconnected transportation system. The City and County jointly fund



health, planning and flood control. By interlocal agreements, the County is providing 9-1-1, EMS and jail services throughout the County, including Wichita. The City maintains regular partnerships with Federal and State agencies, as well as local governments on a regional basis. Wichita is the State's largest city and the Governor and Mayor initiated a special dialogue on a variety of issues, all with budgetary consequence.

Partnerships are not just between units of government. City officials work with business partners in joint developments that achieve public and private goals. The Adopted 2001 Budget not only continues public funding in support of these partnerships, but increases funding to provide a means for smaller businesses and inner city developers to participate as well.

Nationally, Mayor Knight is continuing his leadership role with the National League of Cities, serving as NLC President in 2000. Other Council Members also serve in NLC leadership capacities through their committee assignments. These efforts give Wichita a direct voice in crafting partnerships at the national level.

Wichita City government also recognizes its employees as critical partners in the successful implementation of the Service Plan embodied in the current and adopted budget. Employees are important partners and the City of Wichita has a long-standing tradition of encouraging employee input. Long before public unions and continuing to this day, the City has worked with an Employees' Council on a wide variety of employee concerns. In the budgetary arena, employees form half or more of the membership on work groups that develop the City's health and pension programs.

Wichita has used many partnerships with great success. Partnerships, as a means to position Wichita for continued success in serving the community and its citizens, remains an integral part of the Adopted Budget.

## **TECHNOLOGY PLAN**

New technology is no longer merely useful in supporting City services, it is essential. Technology, and most particularly the Internet, is reshaping the way people and organizations communicate, work, and prosper. The other striking attribute is that the pace of change has become so rapid that implementation of new technology is not only essential it must be immediate.

**The prophetic soul of the  
wide world, dreaming on  
things to come.**

**Sonnet**

Technology is already a pervasive component of the City organization. The table provides a snapshot of major systems and the number of internal users.

| <b>Computer Systems</b> | <b># Users</b> |
|-------------------------|----------------|
| Public Safety           | 1,040          |
| Office Automation       | 760            |
| Utility Billing         | 90             |
| Park Recreation         | 35             |
| Central Inspection      | 70             |
| Finance/Payroll         | 200            |
| Internet Access         | 300            |
| Telecommunications      | 1,350          |
| Document copies (pages) | 11,500,000     |

With the 2001 Budget, the City will re-establish its technology focus into an Information Technology (IT) Center that (financially) combines the former Data Center and Telecommunication funds. Inclusion of the document production operation (print shop) is also under study for inclusion (or possible privatization).

For 2001, the Adopted Budget includes an additional position to augment the current three person work group in Internet web-site development. A fourth position is also added to the Geographic Information System (GIS) technical staff of three. To manage the growing administrative demands of the IT Center, a support staff position is also added.

Plans are under development to modify space on the 9<sup>th</sup> Floor of City Hall and move the IT staff from its current basement location into the tower and closer to its customer base. In anticipation of system replacement costs, a replacement account was previously established (as old systems paid out freeing up operating income). This practice has permitted the financing of system replacement without rate increases to users.

Existing major computer systems are being upgraded or replaced pursuant to the approved Management Information System (MIS) plan. Most recently the City Council approved a \$1,750,000 plan for replacement of the public safety computer system.

The steps noted above, however, are a precursor to a more aggressive Technology Plan for the future. For the balance of 2000 and into 2001, City staff will develop and commence implementation of a new MIS Plan that will direct the re-engineering of the City's technology future around web-enabled systems that promote increased productivity, more effective service delivery, lower overall costs, and enhanced customer service.

The technology future for Wichita will be electronic government or **e-gov**. The City has taken the initial steps in a greatly expanded City web-site, [www.wichitagov.org](http://www.wichitagov.org). A number of the City's existing and planned systems have web-enabling functionality (e.g., public safety, recreation, and finance). The first web-based application, e-gov.procurement was initiated to the City's thousands of vendors in July, 2000. With the system, the City will maintain vendor information, solicit for all bids, then receipt and post bids, all on-line. By year-end, purchase orders will be issued, invoices received and payments made electronically. This is only one of many opportunities to re-engineer the way the City does business.

The governing body has already seen many examples where GIS and other technologies are changing the form and quality of policy and management reporting and decision-making. The recent fire station study could not have been done effectively without GIS technology. Planning, economic development and other areas will use this new technology to an ever greater degree.

For *e-gov* to be completely successful, technology needs to be available to all citizens. Home and school computers are rapidly filling the void, but not everywhere and for everyone. The Adopted 2001 Budget will support the deployment and use of computers in Mini-City Halls and at the main and branch libraries.

Sometimes the services, like *e-gov.procurement* will be targeted to defined customers. Other applications will be directed to the public-at-large. One thing is certain, *e-gov* will be ubiquitous.

## MANAGEMENT PLAN

The City's Business Plan does not start and end with approval of the annual budget. It is necessary to put into place the means to ensure that taxpayers receive the maximum value in programs and services for each dollar spent. During the course of the year, City staff will continue to focus on ways to reduce costs and improve services. The City has added a staff position to coordinate the organizational transformation efforts. An initial effort is an examination of fleet operations. In addition to the technology efforts noted earlier, other significant transformation efforts are also planned for the coming year:

**Our remedies oft in ourselves do lie.**

**All's Well  
That Ends Well**

- ▶ *Customer Service* – Commitment to quality and timely service to our citizens as customers, as exemplified by the neighborhood centers initiative.
- ▶ *Improved Performance Measurement* – The City is committed to expanding its system of performance measurement as a critical component in examining the effectiveness and efficiency of service delivery.
- ▶ *Quality Assurance* – Implementation of a number of quality management techniques, including employee teams, to address work-related problems and provide more cost-effective service delivery.
- ▶ *Consolidation* – Review of City programs and services to determine if redundancies exist, first internally within the City organization, second with other local governments, and where consolidation can produce cost-savings.
- ▶ *Privatization/Contracting* – Introduction of competition in operation and pricing of government services, to ascertain those services best and most economically provided by City departments and where private companies are best able to provide a service.

**Human Resources:** An important element of any Management Plan is human resources, the employees who carry out the wide array

**I have done the state  
some service, and  
they know't.**

**Othello**

of public services. In recognizing the effort and contribution of employees, the City Budget focuses on compensation, safety and training. In compensation, the City's goal is to achieve a fair and competitive wage/benefit package. The City negotiates with several employee unions and seeks to reach equitable agreements.

**Pension & Insurance Compensation:** The City offers its employees a superior package of pension benefits.

| <b>City Retirement Systems Profile</b>        |        |
|---|--------|
| Combined Assets as of 12/31/99: \$872 million |        |
| <b><u>Police &amp; Fire (P&amp;F)</u></b>     |        |
| Employees                                     | 1,001  |
| Retirees                                      | 823    |
| Funding ratio                                 | 113.0% |
| 2001 Employer contribution (% payroll)        | 11.7%  |
| <b><u>Wichita Employees (WER)</u></b>         |        |
| Employees                                     | 1,855  |
| Retirees                                      | 1,032  |
| Funding ratio                                 | 120.0% |
| 2001 Employer contribution (% payroll)        | 4.7%   |

The City has merged its pension funds for financial administration with a resulting reduction in administrative costs as the portfolios are integrated. These cost savings and the favorable funding position of the pension assets, permitted the City Council to increase pension benefits in both plans effective in 2000, at a cost to the City equivalent to a 3.9% increase in wages.

The City also budgets for a pension reserve fund to protect the City against possible negative fluctuations in employer contribution requirements. The pension reserve is 1.5% of payroll.

Health insurance costs continue to increase faster than the rate of inflation. The labor-management Health Insurance Advisory Committee has explored several options for health insurance coverage for 2001. Moderate increases in both employer (80%) and employee (20%) costs will be required. No change in Life Insurance costs are expected.

**Employee Safety & Training:** Job safety of employees is essential to the City organization. Over the last several years, the City has increased its focus on providing employees with a safe workplace. The budget includes funds for replacement of unsafe equipment and for safety efforts initiated by a labor-management Safety Committee. Employee development/training is also a high priority. In addition to funds budgeted within department operations, the City budgets a pool of funds to ensure that critical training needs are met.

Finally, the hundreds of volunteers who provide direct support to the community by serving on boards/commissions, or assisting in the daily operations of many public facilities (museums, libraries, parks, etc.) deserve recognition as well. Their time and expertise is invaluable.

## **FINANCIAL PLAN**

Sound financial planning is vital for a municipal corporation. The City's goal in financial planning is to maintain the public's trust/confidence in its ongoing financial stewardship of the public purse through long-term financial forecasting, a balanced budget, cash reserves to absorb cyclical variations in revenues without reductions in services, investor confidence in the City's bond value, and stable tax levies.

*Thrift, thrift  
Horatio.*

*Hamlet*

The City has established a practice of multi-year budget forecasting. Long-term monitoring of revenues and expenditures helps to avoid recurrence of budget shortfalls leading to service reductions and employee layoffs. The Budget includes a detailed two-year expenditure plan (2001 and 2002) that is financed from available revenues. An additional three years (2003-2005) are also forecast for fiscal planning.

A key element of the City's Financial Plan is revenue diversification. Although the property tax remains an important source of revenue, over time the City has sought to reduce reliance on property taxes.

Another important element in the City's Financial Plan is a balanced budget, in both the legal and fiscal definitions. This means that annually recurring expenditures (other than one-time costs) are paid from annually recurring revenues. The effort to match annual revenues with annual operating expenditures has also aided the City in another important financial goal – to maintain a stable property tax rate. The City has sustained essentially the same mill levy for eight consecutive years.

**Reserves:** Each of the funds in the City's budget has a separate cash balance position. Cash reserves are appropriate and necessary for a variety of reasons:

|  |  |
|--|--|
| <b>Revenue Volatility</b>              | Funds relying on revenues that may vary significantly due to economic or other conditions (e.g., weather) need higher cash reserves than funds relying on more stable revenues.                              |
| <b>Timing of Cash Inflows/Outflows</b> | When either receipt of income or the payments for obligations are less predictable or subject to significant fluctuations, relatively higher levels of cash reserves may be necessary to maintain liquidity. |
| <b>Contingency</b>                     | An unencumbered cash balance provides financial resources to meet most unforeseen contingencies and liabilities while avoiding the necessity of tax/rate increases or use of "no-fund" warrants.             |
| <b>Legal Requirements</b>              | Some funds have legal/ regulatory constraints as to either minimum or maximum cash reserve levels, or a contractual obligation governing cash balances (e.g., bond covenant).                                |

The cash reserve position is also a significant factor evaluated by bond rating agencies assessing the financial strength of a community. Cash reserves, both as to level (dollar and percentage) and trend (whether reserves are increasing, decreasing or stable), mirror the continued ability of a city to meet its obligations and the willingness of local elected officials to set tax rates commensurate with requirements for a balanced budget.

The cash reserve position of the General Fund is projected to be approximately \$8 million unappropriated reserve and \$11.7 million appropriated reserve by year-end (2000). This reserve provides a margin to cover an unforeseen shortfall in anticipated revenues, unexpected expenditure requirements, or support for future year costs without a property tax increase.

The General Fund cash reserve (in total) represents 13.2% of 2000 expenditures. It is noted that even if the reserve is maintained at the same dollar amount, it will decline as a percentage of expenditures in the coming years. Significant unknowns remain on the horizon for the City's budget in terms of its continued ability to fund the *Public Safety Initiative*, as well as the uncertainties of major revenue streams.

The classic definition of a balanced budget is when annually recurring revenues offset annually recurring expenditures. In some funds, expenditures are occurring at a higher rate than revenues, creating a budget imbalance and net reduction in cash reserves. This funding strategy is possible only for a limited period of time if cash reserves are above target limits. As cash reserves decline, it will be necessary to restore a balance through expenditure reductions, increases in revenues, or both.

**I can get no remedy  
against this  
consumption of the  
purse.**

**Henry IV**

### **Revenue/Expenditure Forecasting**

The City's Budget has a multi-year focus: retrospective in reviewing the prior year (1999) actual revenues and expenditures; current in revising 2000 requirements; prospective in budgeting for the next two years (2001/2002); and forecasting an additional three years (2003-2005). Forecasting the financial future of the City is not a precise science. It requires making assumptions about the future. To the greatest extent possible, staff has sought to provide a neutral forecast that is neither too optimistic nor too pessimistic. The forecasting effort in

the budget process is the product of assembling information from multiple sources, including:

- ▶ Econometric modeling of revenues based on research by Finance staff and WSU faculty,
- ▶ Input from state agencies which forecast various governmental revenues (e.g., Gas Tax),
- ▶ Local economic trends prepared by the WSU Center for Economic Development and Business Research (see pages i-vii),
- ▶ Private sector expertise on select revenue sources (e.g., franchise fees), and
- ▶ Finance and other City department staff who monitor revenue and expenditure trends.

**Budget Administration:** The budget establishes appropriation and expenditure levels. It is normal for "actual" expenditures to be marginally below "budgeted" expenditures by year-end. Organizations often anticipate a level of such expenditure savings in the budget development.

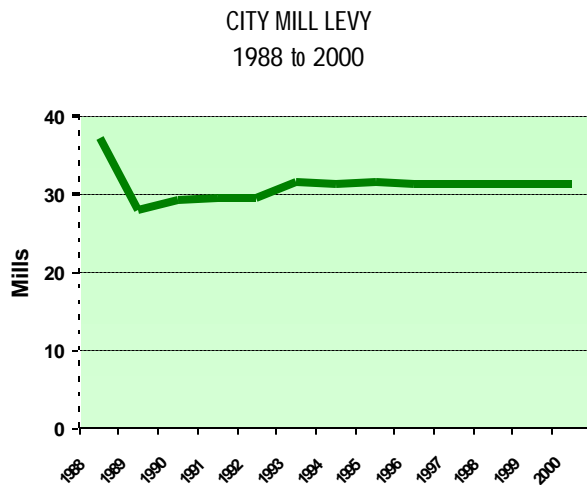
The existence of a particular appropriation in the budget does not automatically mean funds are expended. Because of the time span between preparing the budget, subsequent adoption by the governing body and the end of the budget year, as well as rapidly changing economic factors, each expenditure is reviewed prior to any disbursement. These expenditure review procedures assure compliance with City requirements and provide some degree of flexibility for modifying programs to meet changing needs and priorities.

### ***MILL LEVY***

Assessed valuation is the measure of property values for taxation purposes. The County's preliminary estimate of assessed valuation is \$2,075,404,119, a projected increase of 9.3% over the previous year. Final assessed values are set (by the County) after the City's budget is adopted. The mill levy required to finance the Adopted 2001 Budget is 31.4 mills, no change from the levy requirement for the Adopted 2000 Budget. The mill levy is divided between the General Fund and Debt Service Fund as follows:

| FUND              | LEVY        |
|-------------------|-------------|
| General Fund      | 21.4        |
| Debt Service Fund | <u>10.0</u> |
| <b>Total</b>      | <b>31.4</b> |

On a comparative basis with the 23 other first class cities in Kansas, Wichita remains below the 35.7 mill average. When compared with the 26 other cities within the Wichita Metropolitan Statistical Area (MSA), Wichita's levy also compares favorably with the average of 45.1 mills for combined municipal and/or fire district services. [Averages are based on 1999 tax levy information and may change as other cities adjust for 2000 tax levies to fund 2001 budgets.]



In 1999, the State of Kansas removed the tax lid from property tax levies by local governments. At the time of the tax lid expiration, the City budget was approximately 3 mills below the maximum possible tax lid. Had the tax lid remained in place, the City of Wichita would have again been well below the statutory limits.

In lieu of the tax lid, the State Legislature imposed on local governments a stipulation that the City, by ordinance, acknowledge any growth in General Fund spending based on an increase in property taxes not derived from new development, increased personal property valuation, annexation, or change in use. At the time of publication of the budget document, the report from the County Clerk was not available to calculate this amount. It will be reported to the City Council during budget hearings and included in the budget ordinance at the time of adoption of the final budget.

### ***2000 REVISED & 2002 APPROVED***

City finances do not take place within a narrow fiscal period, but on a time continuum. The annual City Budget not only makes a fiscal statement about the upcoming (2001) fiscal year. Like bookends, the Budget also re-examines the current (2000) fiscal year on one end and projects a second (2002) fiscal year on the other end.

### **2000 REVISED BUDGET**

The Budget includes revised estimates of current year revenues and expenditures. The procedure of revising the budget is an important element of financial management, designed to provide an updated estimate of trends in the current year and to improve budget development for the next year.

In most instances, revised budgets remain within the previously adopted budget levels for each fund. Occasionally, revised estimates resulting from changing needs, or City Council actions, mean an increased expenditure level requiring a re-certification of the budget.

For 2000, total expenditures (all funds) are estimated to be approximately \$332 million, higher than the adopted budget of approximately \$309 million. The increased budget amounts are principally due to the timing of capital project costs and the start-up expenses for a construction and demolition landfill.

Revised estimates of expenditures in the General Fund are \$143,989,890, lower than the adopted budget amount of \$148,533,750. The decreased expenditures are due primarily to lower one-time expenditures and savings in health insurance costs. There is no planned drawdown of 2000 General Fund cash reserves.

Debt Service Fund revised expenditures are projected at \$73,907,309, which is higher than the adopted budget of \$59,009,630, due to increases in pay-as-you-go financing as part of the Capital Improvement Program. Other funds within the 2000 Budget entail revisions based on changing needs, and are noted by fund.

### **2002 APPROVED BUDGET**

The 2002 Budget projection is for \$309,508,640 in expenditures. This represents a small overall decrease from 2001. Increases will be experienced in salary, wage and benefit costs, as well as Water/Sewer utility expenses due to capital project costs. The increases are offset by lower expenses in the Landfill Fund and the Tax Increment funds.

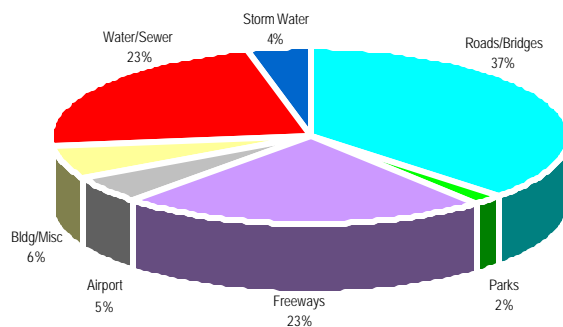
The General Fund is projected to increase in 2002 to \$152,830,360, a 2.7% increase over the 2001 Budget. The projected increase is due to higher local costs for the Public Safety Initiative, along with anticipated increases in employee salary, wage and benefit costs. No reduction in General Fund cash reserves is anticipated.



## CAPITAL IMPROVEMENT PROGRAM

The *Adopted 2000-2009 Capital Improvement Program* totals \$1.3 billion over the ten-year period. Revenues to finance this program include: Property Taxes (16%), Local Sales Tax (27%), Special Assessments (10%), Grants (25%), and Enterprise Fees (27%) from airport, water, sewer, storm water, and golf, and Other (7%).

2000-2009 Capital Improvement Program  
\$1,302,599,000



The City finances capital projects in a variety of ways: general obligation bonds/notes, revenue bonds, grants, and cash. The most significant of these are General Obligation (GO) bonds based on the full faith and credit of the City. GO bonds provide debt financing not only for property tax-funded projects but for capital improvement projects where debt service payments are paid by City enterprises (e.g., Airport, Golf, etc.) and internal services (e.g., Fleet). Based on Generally Accepted Accounting Principles (GAAP), the debt service payments for General Obligation (GO) debt are spread either to the Debt Service Fund or the various enterprise and internal service funds, as appropriate.

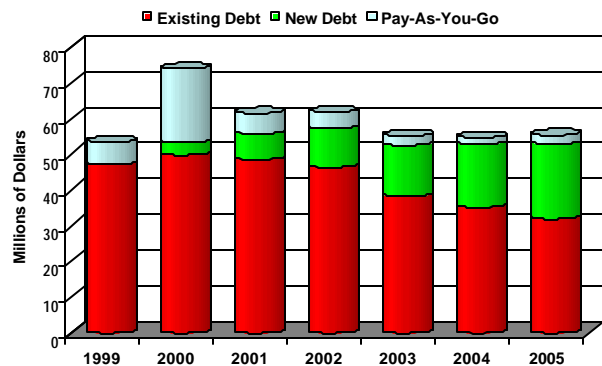
When all GO debt paid from enterprise funds, internal service funds or debt obligations with specific and restricted funding sources are netted out, there remains a group of new General Obligation capital projects which rely upon property taxes and discretionary revenues in the Debt Service Fund for funding. To the extent the (approximate) 10 mill levy is reduced (or increased), the scope of proposed at-large capital projects must be reduced (or increased) as well.

### DEBT SERVICE FUND

The Debt Service Fund pays expenditures related to most of the City's General Obligation debt. The first obligation of the Debt Service Fund is to make all debt service payments on existing City bonded indebtedness.

Based on revenue estimates and assuming a constant property tax levy (10 mills), the remaining resources of the fund are used to assume debt obligations for new capital projects. Funds not required for long-term debt are used to pay for capital project expenses in the form of temporary notes which are retired in the same year (e.g., "pay-as-you-go" financing).

Debt Service Fund  
Expenditure Trends



The Debt Service Fund is favorably positioned to support both existing debt and finance new capital projects. Cash reserves of the fund have been reduced from \$10.6 million in 1998 to \$3 million by 2000. While this reduction is substantial, the target level of reserve for this fund is not-to-exceed 5%. The fund is stable as to revenues and most expenditures are incurred late in the fiscal year.

A review of the 2000-2009 CIP is currently underway. Revisions to the capital budget will be submitted to the City Council later this year.

## CONCLUSION

Government exists for the purpose of carrying out those activities citizens have identified as needed, but which we must do as a community and not individually. It is City staff's task to work with the Mayor and City Council and the citizens of Wichita in identifying those needs and how best to meet them.

Discussions with the governing body, along with other community leaders and citizen groups, have provided key factors for consideration in the formulation

*Now sits  
expectation  
in the air.*

**Henry V**

of the City's operating/capital budgets as Wichita moves forward. To build on the City's existing firm foundation, the Mayor, City Council, and others have expressed the belief that the operating and capital budgets should:

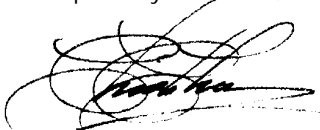
- ▶ sustain the continued development of the City,
- ▶ reinvest in the City's infrastructure to serve current and future needs,
- ▶ target resources in ways that are demonstrably beneficial for the entire community,
- ▶ serve priorities and needs identified by the community (in the citizen surveys) so City services are responsive to the public, and
- ▶ address major needs, such as preserving public safety, making critical capital investments and providing effective maintenance and upkeep to the City's assets.

The Adopted Budget was developed with a view to enhancing the value of City services to the citizens of the community. The Business Plan embodied in the budget addresses important services, delivered through increased use of technology, emphasizing effective management, and within a prudent financial framework.

The average home in Wichita is valued at \$78,000. City property taxes annually will amount to \$280 per year, or less than \$24 per month. A family of four will likely spend about as much (or more) per month for cable television, telephone service, Internet service, or one family trip to the movies (without popcorn). These comparisons serve to emphasize the value represented in municipal services. For the annual City property taxes, citizens are provided vital police and fire protection, streets, parks, libraries, and a myriad of other services.

The City is moving forward and the adopted budget is part of that progress. Critical issues are addressed. Wichita is a safe city. Wichita is assured a high quality water supply and an expanding infrastructure network. Wichita will sustain what it builds. Wichita will offer amenities and a high quality of life. The budget as adopted is the best effort of staff. It has been placed before the governing body for its consideration, amendment as deemed appropriate, and subsequent adoption.

Respectfully submitted,



Chris Cherches  
City Manager

## ACKNOWLEDGMENTS

Formulating the annual budget document is a team effort and the result of countless hours of work.

*Was not that nobly done?  
Ay, and wisely too.*

*MacBeth*

The Budget Review Cabinet, chaired by Cathy Holdeman, did a commendable job in evaluating budget requests. Special thanks and appreciation are extended to the Budget Staff of the Department of Finance for their long hours and hard work: Ray Trail, Kelly Carpenter, Rob Raine, Mark Manning, Carol McMillan, Andy Hopkins, Jay Newton, Cheryl Herndon, Kirk Zoellner, Anne Anderton and Anna Klykova.

The City is proud to be the recipient of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for every year continuously since 1989; we believe this budget document will also meet those standards. The City also holds the GFOA Certificate of Achievement for Excellence in Financial Reporting, having received this award for more years than any other governmental entity in Kansas. Finally, the City has received the Certificate of Excellence Award from the Municipal Treasurers' Association for its investment policy, the only governmental entity in Kansas to have received this recognition.

*Strike now, or  
else the iron  
cools.*

*Henry VI*